

STATE OF LOUISIANA LEGISLATIVE AUDITOR

Louisiana Technical College,
Morgan Smith Campus
Louisiana Community and
Technical College System
State of Louisiana
Jennings, Louisiana

September 6, 2000



Financial and Compliance Audit Division

Daniel G. Kyle, Ph.D., CPA, CFE
Legislative Auditor

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Daniel G. Kyle, Ph.D., CPA, CFE

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**LOUISIANA TECHNICAL COLLEGE,
MORGAN SMITH CAMPUS
LOUISIANA COMMUNITY AND
TECHNICAL COLLEGE SYSTEM
STATE OF LOUISIANA
Jennings, Louisiana**

**Management Letter
Dated August 10, 2000**

Under the provisions of state law, this report is a public document. A copy of this report has been submitted to the Governor, to the Attorney General, and to other public officials as required by state law. A copy of this report has been made available for public inspection at the Baton Rouge office of the Legislative Auditor and at the office of the parish clerk of court.

September 6, 2000



DANIEL G. KYLE, PH.D., CPA, CFE
LEGISLATIVE AUDITOR

OFFICE OF
LEGISLATIVE AUDITOR
STATE OF LOUISIANA
BATON ROUGE, LOUISIANA 70804-9397

1600 NORTH THIRD STREET
POST OFFICE BOX 94397
TELEPHONE: (225) 339-3800
FACSIMILE: (225) 339-3870

August 10, 2000

**LOUISIANA TECHNICAL COLLEGE,
MORGAN SMITH CAMPUS
LOUISIANA COMMUNITY AND
TECHNICAL COLLEGE SYSTEM
STATE OF LOUISIANA**
Jennings, Louisiana

As part of our audit of the State of Louisiana's financial statements for the year ended June 30, 2000, we conducted certain procedures at Louisiana Technical College, Morgan Smith Campus. Our procedures included (1) a review of the technical college's internal control; (2) tests of financial transactions for the years ended June 30, 2000, and June 30, 1999; and (3) tests of adherence to applicable laws, regulations, policies, and procedures governing financial activities for the years ended June 30, 2000, and June 30, 1999.

The Annual Fiscal Reports of Louisiana Technical College, Morgan Smith Campus were not audited or reviewed by us, and, accordingly, we do not express an opinion or any other form of assurance on these reports. The technical college's accounts, under the Louisiana Community and Technical College System, are an integral part of the State of Louisiana's financial statements, upon which the Louisiana Legislative Auditor expresses an opinion.

Our procedures included interviews with management personnel and selected technical college personnel. We also evaluated selected documents, files, reports, systems, procedures, and policies as we considered necessary. After analyzing the data, we developed recommendations for improvements. We then discussed our findings and recommendations with appropriate management personnel before submitting this written report.

Based on the application of the procedures referred to previously, all significant findings are included in this report for management's consideration.

Noncompliance With Movable Property Regulations

Louisiana Technical College, Morgan Smith Campus did not comply with state movable property regulations. Louisiana Administrative Code 34:VII.307 requires that all acquisitions of qualified movable property items be tagged and all pertinent information forwarded to the Louisiana Property Assistance Agency (LPAA) within 45 days after receipt of the property.

In a review of all property acquisitions (57 items) for the period July 1, 1998, through March 31, 2000, the following was noted:

LEGISLATIVE AUDITOR

**LOUISIANA TECHNICAL COLLEGE,
MORGAN SMITH CAMPUS
LOUISIANA COMMUNITY AND
TECHNICAL COLLEGE SYSTEM
STATE OF LOUISIANA**

Management Letter, Dated August 10, 2000

Page 2

1. Forty of the 57 items totaling \$81,382 were not added to the inventory system until 4 to 174 days after the required 45 days.
2. Two of the 57 items totaling \$1,190 were not tagged or reported to LPAA.
3. Two of the 57 items totaling \$1,850 were tagged but not reported to LPAA.

This condition is attributed to a lack of adequate supervision and review of movable property transactions. The technical college's failure to update the movable property records and to tag the movable property items on a timely basis increases the risk of loss arising from unauthorized use and subjects the technical college to noncompliance with state laws and regulations.

Management should ensure that all qualified movable property items are tagged and recorded within 45 days after receipt of the property. Management concurred with the finding and recommendation and has implemented a plan of corrective action (see Appendix A, page 1).

Time and Attendance Reports Not Approved

Louisiana Technical College, Morgan Smith Campus did not follow Civil Service rules or existing internal control procedures over its payroll function. Civil Service Rule 15.2 requires the appointing authority or his agent (supervisor) to certify employee time and attendance reports for the number of hours of attendance or absence from duty. During the fiscal year ended June 30, 1999, the acting director of the campus did not certify all employee time and attendance reports for 3 of 26 pay periods and none for 22 of 26 pay periods.

Failure to ensure that all employee time and attendance reports are properly reviewed and approved by a supervisor increases the risk that inaccurate, unsupported, or fraudulent payroll data could be entered and processed without detection.

Management should ensure that all employee time and attendance reports are approved by a supervisor as required by Civil Service rules and internal control procedures. Management concurred with the finding and recommendation and has implemented a plan of corrective action (see Appendix A, page 2).

LEGISLATIVE AUDITOR

**LOUISIANA TECHNICAL COLLEGE,
MORGAN SMITH CAMPUS
LOUISIANA COMMUNITY AND
TECHNICAL COLLEGE SYSTEM
STATE OF LOUISIANA**

Management Letter, Dated August 10, 2000

Page 3

Cash Receipts Not Deposited Timely

Louisiana Technical College, Morgan Smith Campus did not have adequate controls in place to ensure that all cash receipts are deposited immediately upon receipt as required by state law. Louisiana Revised Statute 49:308(A) requires that all money received by the technical college be deposited immediately upon receipt in the state treasury. The *Division of Administration and State Treasurer Policies and Procedures Manual* defines immediately as "within 24 hours of receipt." In addition, good internal control requires that all funds received by the technical college be deposited timely to properly safeguard assets.

Of the 136 cash receipts reviewed, 120 cash receipts totaling \$7,978 were deposited from 2 to 90 days after receipt. The untimely deposits include the following:

- \$1,304 was deposited 2 to 10 days after receipt.
- \$1,818 was deposited 11 to 25 days after receipt.
- \$4,856 was deposited 26 to 90 days after receipt.

Management did not place sufficient emphasis on the importance of depositing receipts timely. Untimely deposit of cash receipts increases the risk of loss or abuse, deprives the state of interest earnings, and subjects the technical college to noncompliance with state law.

Management should review current procedures and identify changes that can be made to ensure that all receipts are deposited timely in accordance with state law. Management concurred with the finding and recommendation and has implemented a plan of corrective action (see Appendix A, page 3).

Internal Audit Report

The Louisiana Community and Technical College System Department of Internal Audit issued an internal audit report on Louisiana Technical College, Morgan Smith Campus on July 31, 2000. The report related to operations of the technical college during the fiscal year ended June 30, 1999, and contained findings on time and attendance records, untimely requests for reimbursement of expenditures related to federal programs, and untimely payment of vendor invoices. A copy of this report may be requested from the Department of Internal Audit of the Louisiana Community and

LEGISLATIVE AUDITOR

**LOUISIANA TECHNICAL COLLEGE,
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LOUISIANA COMMUNITY AND
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Management Letter, Dated August 10, 2000

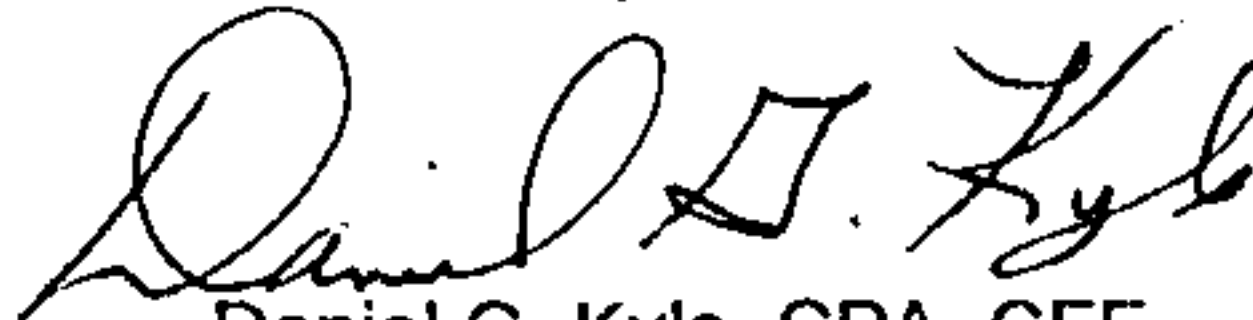
Page 4

Technical College System, 822 Neosho Avenue, Baton Rouge, Louisiana, 70802-4219
or 225/219-8700.

The recommendations in this report represent, in our judgment, those most likely to bring about beneficial improvements to the operations of the technical college. The varying nature of the recommendations, their implementation costs, and their potential impact on operations of the technical college should be considered in reaching decisions on courses of action. The findings relating to the technical college's compliance with applicable laws and regulations should be addressed immediately by management.

This report is intended for the information and use of the technical college and its management. By provisions of state law, this report is a public document, and it has been distributed to appropriate public officials.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Daniel G. Kyle". The signature is fluid and cursive, with a large initial "D" and "K".

Daniel G. Kyle, CPA, CFE
Legislative Auditor

EPM:DLH:DSP:ss

[LTC-MSO]

Appendix A

Management's Corrective Action Plans and Responses to the Findings and Recommendations



Louisiana Community & Technical College System
MORGAN SMITH CAMPUS



JOHNNIE LEE SMITH
Director

P. O. Box 1327
1230 North Main Street
Jennings, Louisiana 70546-1327
Phone: (318) 824-4811
FAX: (318) 824-5653

Accredited by the
Accrediting Commission of
the Council on
Occupational Education

June 27, 2000

Dr. Daniel G. Kyle, CPA, CFE
Legislative Auditor
State of Louisiana
1600 North Third Street
P O Box 94397
Baton Rouge, LA 70804-9397

CERTIFIED MAIL

Dear Dr. Kyle:

In reference to your letter dated June 20, 2000, I am hereby responding to the audit finding indicated. The finding is as follows:

LOUISIANA TECHNICAL COLLEGE - MORGAN SMITH CAMPUS

Noncompliance with Movable Property Regulations

As Acting Director of the LTC - Morgan Smith Campus (effective June 5, 2000), I do concur with the auditor's finding that the property control regulations were not followed in a timely manner.

During the time period from May 4, 1998 through June 30, 1999, Mr. Z. Tyrus Pearce was appointed Acting Director. At this time, Johnnie Lee Smith (former Director) had been appointed to a temporary work detail in the State Department of Education in Baton Rouge, Louisiana. Mr. Pearce was in charge of supervision of property control at this time. Upon Mr. Johnnie Lee Smith's return to the campus on July 1, 1999, he was made aware of these property control deficiencies. Corrections were made to implement proper tagging procedures. The current Property Control Manager, Yvette Logan, was not trained in this area until March 9, 2000 (the previous Property Manager retired on December 31, 1999). Since Ms. Logan's assumption of this responsibility, all property acquisitions have been properly tagged, reported to LPAA, and added to the inventory system within 45 days of receipt of the property. At the present time we are currently following the Louisiana Administrative Code 34:VII.307 which requires that all acquisitions of qualified movable property items be tagged and all pertinent information forwarded to the Louisiana Property Assistance Agency (LPAA) within 45 days after receipt of the property.

If further information is needed, please feel free to contact me at 337-824-4811.

Sincerely,

Gennell Christian
Acting Director



Louisiana Community & Technical College System
MORGAN SMITH CAMPUS



JOHNNIE LEE SMITH
Director

P. O. Box 1327
1230 North Main Street
Jennings, Louisiana 70546-1327
Phone: (318) 824-4811
FAX: (318) 824-5653

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Accredited by the
Accrediting Commission of
the Council on
Occupational Education

June 2, 2000

Dr. Daniel G. Kyle, CPA, CFE
Legislative Auditor
State of Louisiana
1600 North Third Street
P O Box 94397
Baton Rouge, LA 70804-9397

CERTIFIED MAIL

Dear Dr. Kyle:

Please refer to your letter dated May 23, 2000. I am responding to the audit finding discussed in this letter. The finding is as follows:

LOUISIANA TECHNICAL COLLEGE - MORGAN SMITH CAMPUS

Time And Attendance Reports Not Approved

As the Director of the LTC - Morgan Smith Campus I do concur with the auditor's finding that the Acting Director at that time did not sign each individual time sheet.

During the time period of May 4, 1998 through June 30, 1999, I, Johnnie Lee Smith was appointed to a temporary work detail at the State Department of Education in Baton Rouge, Louisiana. Mr. Z. Tyrus Pearce was appointed Acting Director at the Morgan Smith Campus during my absence. He was the supervisor and individual responsible for signing the time and attendance records, which are in question. Upon my return to the LTC - Morgan Smith Campus on July 1, 1999 I immediately noted that Mr. Pearce had changed the procedure in which the time and attendance was being recorded. On that date I instructed the payroll clerk to return to the time and attendance procedure that we had used prior to my leave of absence. At the present time we are still using this procedure which had been previously approved by the Legislative Auditor's and is still an acceptable procedure of recording time and attendance.

If further information is needed, please feel free to contact me at 337-824-4811.

Sincerely,

Johnnie Lee Smith
Director

JLS/rli



Louisiana Community & Technical College System
MORGAN SMITH CAMPUS



JOHNNIE LEE SMITH
Director

P. O. Box 1327
1230 North Main Street
Jennings, Louisiana 70546-1327
Phone: (318) 824-4811
FAX: (318) 824-5653

Accredited by the
Accrediting Commission of
the Council on
Occupational Education

July 6, 2000

Dr. Daniel G. Kyle, CPA, CFE
Legislative Auditor
State of Louisiana
1600 North Third Street
P O Box 94397
Baton Rouge, LA 70804-9397

CERTIFIED MAIL

Dear Dr. Kyle:

In reference to your letter dated July 5, 2000, I am hereby responding to the audit finding indicated. The finding is as follows:

LOUISIANA TECHNICAL COLLEGE – MORGAN SMITH CAMPUS

Cash Receipts Not Deposited Timely

As Acting Director of the LTC – Morgan Smith Campus (effective June 5, 2000), I do concur with the auditor's finding that all cash receipts were not deposited immediately upon receipt as required by state law.

During the time period from May 4, 1998 through June 30, 1999, Mr. Z. Tyrus Pearce was appointed Acting Director. At this time, Johnnie Lee Smith (former Director) had been appointed to a temporary work detail in the State Department of Education in Baton Rouge, Louisiana. Mr. Pearce was in charge of supervision of accounting procedures at this time. Upon Mr. Johnnie Lee Smith's return to the campus on July 1, 1999, he was made aware of these cash receipts and deposit deficiencies. Corrections were made to implement proper deposit procedures. After December 31, 1999, Ms. Yvette Logan assumed the responsibility for receipts and deposits. Since Ms. Logan's assumption of this responsibility, all funds received by LTC – Morgan Smith Campus are deposited within 24 hours of receipt. At the present time we are currently following the Louisiana Revised Statute 49:308(A) which requires that all money received by the technical college be deposited immediately upon receipt in the state treasury.

If further information is needed, please feel free to contact me at 337-824-4811.

Sincerely,

Gennell Christian
Acting Director